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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-08 FRB-03 INR-10
NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 L-03 H-01 NSC-05 SS-15
STR-07 CEA-01 PA-01 DOE-15 SOE-02 /113 W
----------018135 050329Z /64
R 031350Z JUL 78
FM AMEMBASSY LUXEMBOURG
TO SECSTATE WASHDC 6483
INFO USDOC WASHDC
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS

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EMBASSY ALSO FOR USEEC

E.O. 11652: NA
TAGS: EINV, EIND, LU
SUBJ: LUXEMBOURG REACTION TO SHUTDOWN OF GENERAL MOTORS OPERATIONS.

REF: LUXEMBOURG 0670

1. GENNERAL MOTORS' ANNOUNCEMENT THAT IT WAS PHASING OUT ALL ITS MANUFACTURING OPERATIONS IN LUXEMBOURG HAS CAUSED WIDESPREAD YET LARGELY ACQUIESCENT COMMENTS HERE. TONE OF GOL REACTIONS WAS SET BY PRIMEX MINISTER THORN WHO ISSUED A PRESS STATEMENT THAT HE WAS "PROFOUNDLY SADDENED AND DISAPPOINTED ALTHOUGH THE SHUTDOWN HAS BEEN FORESEEABLE FOR SOME TIME". HIS STATEMENT ADVISED AGAINST DISCOURAGE-MENT AND URGED A GREATER EFFORT TO BRING NEW INDUSTRIES TO LUXEMBOURG. MINISTER OF FINANCE POOS ALSO ISSUED
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LOW KEY STATEMENT SAYING THAT THE GOVERNMENT HAD DONE EVERYTHING POSSIBLE BUT COULD NOT CHANGE GM'S DECISION. THE GOVERNMENT'S FIRST TASK, ACCORDING TO POOS, IS TO ENSURE A LAYOFF SETTLEMENT FAVORABLE TO THE WORKERS FOLLOWED UP BY GENERATING NEW JOB OPPORTUNITIES.

2. LOCAL AND REGIONAL PRESS RESTRICTED ITSELF TO

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PRINTING STATEMENTS BY THE COMPANY, UNIONS AND THE GOVERNMENT, SHORT HISTORIES OF GM'S FINANCIALLY TROUBLED OPERATIONS AND INTERVIEWS WITH SOME LOCAL GOVERNMENT OFFICIALS WHOSE COMMUNITIES WILL BE DIRECTLY EFFECTED BY THE PGM PULLOUT.

3. LABOR UNIONS COMMENTS WERE MORE STRIDENT. BOTH MAJOR UNION ORGANIZATIONS CONDEMNED GM'S DECISION AS AN EXAMPLE OF POWERFUL MULTINATIONALS MAKING DECISIONS IN BOARD ROOMS FAR FROM THE LOCAL SCENE.

4. COMMENT: ROMAIN SCHINTGEN, HIGHEST RANKING NON-POLITICAL OFFICIAL IN MINISTRY OF LABOR, TOLD EMBOFF THAT GOL THOUGHT REMARKS BY SOME UNION LEADERS WERE QUOTE EXCESSIVE UNQUOTE, AND THAT GM HAD ACTIVELY CONSULTED GOL ON THE PROBLEM. GOL, ACCORDING TO SCHINTGEN, IS CONVINCED GM HAD NO RECOURSE OTHER THAN TO CLOSE DOWN ITS OPERATIONS HERE. HOWEVER, HE BELIEVES OPPONENTS OF MUL MULTINATIONAL ENTERPRISES WILL GAIN SOME SUPPORT AMONG THE ECONOMICALLY UNSOPHISTICATED BECAUSE OF GM'S ACTION. IN ADDITION TO GENERAL ATTACK ON MULTI-NATIONAL ENTERPRISES, WE EXPECT UNIONS TO CONTINUE TO CAMPAIGN FOR MORE FAVORABLE LAY-OFF COMPENSATION AND FUTURE EMPLOYMENT CONCESSIONS FROM GM IN NEGOTIATIONS BEGINNING ON JULY 5. LOWENSTEIN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT REACTIONS, CLOSURE OF OFFICES
Control Number: n/a
Copy: SINGLE
Draft Date: 03 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LUXEMB00679
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780275-0484
Format: TEL
From: LUXEMBOURG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197807100/aaaadgex.tel
Line Count: 86
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 943dc06a-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 LUXEMBOURG 670
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1846513
Secure: OPEN
Status: NATIVE
Subject: LUXEMBOURG REACTION TO SHUTDOWN OF GENERAL MOTORS OPERATIONS.
TAGS: EINV, EIND, LU, GENERAL MOTORS
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/943dc06a-c288-dd11-92da-001cc4696bcc
Review Markings:
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